

BANK EMPLOYEES FEDERATION OF INDIA

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Press Statement issued by General Secretary, Bank Employees Federation of India on 02.05.2022 on Initial Public Offering of LIC

The Govt of India has decided selling shares of LIC through an initial public offering (IPO) from 4th May 2022. LIC was set up with an equity capital of Rs 5 crores in 1956. The capital was raised to Rs 100 crore in 2011. This additional capital was generated internally. Now, LIC is having assets over more than Rs 38 lakh crore which is owned by 29 crore policy holders. It has more than 1 lakh employees and 14 lakh agents spread throughout the country. LIC operates through 2048 branches, 113 divisional offices and 1554 satellite offices.

Presently LIC, even after competing with 23 private insurance companies, is continues to dominate the market with a share of around 66% in premium income and 75% in number of policies. For the FY 2020-21, LIC earned a total premium income of Rs 4.02 lakh crore. It has earned an investment income of Rs 2.72 lakh crore. It has settled claims amounting to Rs 2.1 lakh crore during 2020-21. This has made LIC the largest life insurer in the world in terms of the number of policies serviced and claims settled. It has paid to the government cumulative dividend amounting to over Rs 28695 crore since inception. It is the largest investor in the Indian economy. More than 82% of LIC investments are in government securities and infrastructure sectors.

Experience has shown that disinvestment finally leads to privatization. Entry of private shareholders in an institution like LIC will certainly shift the focus from national development to profit maximization. It is apprehended that concentration will be provided for big businesses with high premium by neglecting weaker section of the society. In order to ensure greater profits there may be tendencies to offer policies with equity linked returns rather than encouraging traditional endowment products. The government is also allowing foreign capital in LIC. IPO of LIC is naked manifestation of neo liberal policies being aggressively pursued by the present dispensation .

Bank Employees Federation of India strongly opposes the move taken by the government for the benefits of corporate houses, both indigenous and foreign, compromising interests of stakeholders of LIC viz, the policy holders, employees, agents. BEFI also extends its support and solidarity to the movement of the employees and agents of LIC. We humbly solicit support of the Indian Citizen against such anti national move of the Govt and at the same time demands complete halt of the initial public offering of LIC.

To

The News Editor/Chief Reporter,

For favour of circulation/broadcasting/telecasting through your esteemed media,

CHIRANJIT GHOSH
JOINT SECRETARY